



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: September 30, 2012

Institution: Deutsche Bank Trust Company Americas
60 Wall Street, New York 10045

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution Profile	
Assessment Area	
Demographic & Economic Data	
Community Information	
Performance Tests and Assessment Factors	4
Community Development Test	
Innovative or Complex Practices	
Responsiveness to Credit and Community Development Needs	
Additional Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Deutsche Bank Trust Company Americas (“DBTCA”) prepared by the New York State Department of Financial Services (the “Department”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of September 30, 2012.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) Outstanding record of meeting community credit needs;
- (2) Satisfactory record of meeting community credit needs;
- (3) Needs to improve record of meeting community credit needs; and
- (4) Substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall CRA Rating: "Outstanding"

DBTCA's performance was evaluated according to the community development test for wholesale or limited purpose banking institutions pursuant to Part 76.11 of the General Regulations of the Banking Board. The assessment period covered January 1, 2011 through September 30, 2012. DBTCA is rated "1" indicating an "Outstanding" record of helping to meet community credit needs. This rating is the same from the prior rating of "Outstanding" based on the New York State Department of Financial Services' Performance Evaluation dated December 31, 2010.

This rating is based on the following factors:

Community Development Activity (Loans, Investments, Services): "Outstanding"

DBTCA's community development performance demonstrated an excellent responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering bank's capacity and the need and availability of such opportunities for community development in its assessment area.

Community Development Loans: "Outstanding"

During the evaluation period, DBTCA originated \$156.6 million in new community development loans, and had \$58.4 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development lending over the course of the evaluation period.

Community Development Qualified Investments: "Outstanding"

DBTCA made \$164.7 million in new community development investments during the evaluation period, and had \$72.9 million outstanding from prior evaluation periods. This demonstrated an excellent level of community development investments over the course of the evaluation period.

Community Development Services: "Outstanding"

DBTCA demonstrated an excellent level of community development services over the course of the evaluation period. The bank provides its staff combined with intelligence, expertise and experience to non-profit organizations that work in under-resourced, under-served and primarily low income neighborhoods.

Innovative or Complex Practices

DBTCA demonstrated an excellent level of innovative or flexible community development practices. Deutsche Bank provides the bank's expertise to community development issues by fostering public-private nonprofit collaboration.

Responsiveness to Credit and Community Development Needs

DBTCA demonstrated an excellent level of responsiveness to credit and community development needs. The bank made significant investments in many organizations committed

to development of affordable housing projects. In addition, the bank provided grants to many community organizations that serve the credit needs of low- and moderate-income (“LMI”) populations in the assessment area.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution Profile:

Deutsche Bank Trust Company Americas (“DBTCA”) is located at 60 Wall Street, New York, NY 10045. DBTCA was formerly known as Bankers Trust Company (“BT”). The current name was adopted in April 2002, following BT’s acquisition by Deutsche Bank AG in June 1999. DBTCA is a wholly-owned subsidiary of Deutsche Bank Trust Corporation (“DBTC”), a bank holding company based in New York City. Since February 2012 DBTC has been wholly owned by Deutsche Bank AG Cayman Island Branch.

DBTCA is a wholesale commercial bank that provides global institutional services such as debt finance, loan trading, and correspondent banking. The Federal Reserve Bank of New York approved DBTCA as a wholesale bank for CRA purposes on August 18, 1997. As a wholesale bank, DBTCA does not originate or purchase residential mortgages, consumer loans, small business or small farm loans to retail customers, except as an accommodation to its existing clients.

DBTCA’s CRA activities are primarily conducted by a specialized business unit based in New York City which is comprised of the Community Development Finance Group (“CDFG”) and Deutsche Bank Americas Foundation (“DBAF”), headed by the same President/Managing Director. CDFG helps to finance affordable housing, economic development, and community services in distressed neighborhoods, primarily in New York City. DBAF administers the bank’s philanthropic activities in the U.S. with a focus on community development, education and the arts. Community development loans, investments and services from other DBTCA units were also included.

As per the Consolidated Report of Condition (“Call Report”) as of September 30, 2012, filed with the Federal Deposit Insurance Corporation (“FDIC”), DBTCA reported total assets of \$55.2 billion, of which \$19.4 billion were net loans and lease finance receivables. DBTCA also reported total deposits of \$37.5 billion, including domestic deposit of \$27.1 billion. According to the most recent comparative deposit data available, as of June 30, 2012, DBTCA had a market share of 2.18% of the \$1,065.7 billion in deposits inside its market, ranking it 8th among 236 deposit-taking institutions in its assessment area.

The following is a summary of DBTCA’s loan portfolio, based on Schedule RC-C¹ of the bank’s Call Reports of December 31, 2011 and September 30, 2012:

¹ Total Gross Loans outstanding should be the amount as indicated on Lines 1 through 10.

TOTAL GROSS LOANS OUTSTANDING				
Loan Type	12/31/2011		9/30/2012	
	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	3,993	22.8	3,951	20.4
Commercial & Industrial Loans	4,031	23.1	4,565	23.5
Commercial Mortgage Loans	1,454	8.3	1,815	9.3
Multifamily Mortgages	20	0.1	186	1.0
Consumer Loans	1,099	6.3	208	1.1
Construction Loans	1	0.0	1	0.0
Loans to Financial Institutions	1,627	9.3	2,546	13.1
Loans for Purchasing & Carrying Secs.	1,898	10.9	1,826	9.4
Other Loans	3,363	19.2	4,317	22.2
Total Gross Loans	17,486		19,415	

As a wholesale commercial bank DBTCA is primarily engaged in private banking services and lending to businesses such as corporate clients and banking institutions, both in the U.S. and in foreign countries. As illustrated in the above chart, commercial and industrial loans, loans to financial institutions, loans for purchasing and carrying securities, and other loans represented 68.2% of its total gross loans as of September 30, 2012.

There are no known financial or legal impediments that adversely impacted DBTCA's ability to meet the credit needs of its community.

Assessment Area:

DBTCA's assessment area ("AA") is comprised of the five boroughs of New York City. There are 2,168 census tracts in the AA, of which 292 are low-income, 578 are moderate-income, 654 are middle-income and 580 are upper-income. Sixty-four of the tracts have no income indicated. LMI areas represented 40.1% of the total census tracts in the AA. Bronx, Kings, and Queens Counties contained 87% of the LMI census tracts.

Assessment Area Census Tracts by Income Level								
County	N/A	Low	Mod	Middle	Upper	Total	LMI %	LMI & Dis-tressed %
Bronx	10	129	101	64	35	339	67.8	68%
Kings	13	108	269	234	137	761	49.5	50%
New York	12	37	65	23	151	288	35.4	35%
Queens	26	16	134	303	190	669	22.4	22%
Richmond	3	2	9	30	67	111	9.9	10%
Total	64	292	578	654	580	2,168	40.1	40%

The assessment area appears reasonable based upon the location of DBTCA's offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Demographic & Economic Data

The AA had a population of 8.2 million people during the examination period. About 11.9% of the population were over the age of 65 and 19.1% were under the age of 16.

There were 1.84 million families in the AA, 22.3% of which were low-income, 16.6% were moderate-income, 20.4% were middle-income and 40.8% were upper-income families. There were 3.04 million households in the assessment area, 18.1% of which had income below the poverty level and 4.1% were on public assistance.

The weighted average of median family income within the AA was \$65,513. The U.S. Department of Housing and Urban Development ("HUD") estimated median family income for the area in 2012 as \$68,300, based on 2010 census data. Bronx County had the lowest average median family income with \$42,639 while Kings County had \$54,363. New York, Queens and Richmond counties had median family incomes of \$104,415, \$64,928 and \$83,600 respectively.

There were 3.3 million housing units within the assessment area, 40.1% of which were one- to four-family units while 59.9% were multifamily units. A majority (61%) of the area's housing units were rental occupied units, while 30.1% were owner occupied units. Of the 1 million owner-occupied housing units in the AA, 20.5% were in low- and moderate-income census tracts while 79.5% were in middle- and upper-income census tracts. The median age of the housing stock was 67 years and the median home value in the assessment area was \$526,503.

There were 715,285 non-farm businesses in the assessment area. Of these, 70.7% were businesses with reported revenues of less than or equal to \$1 million, 5.0% reported revenues of more than \$1 million and 24.3% did not report their revenues. Of all the businesses in the assessment area, 76.4% were businesses with less than fifty employees while 94.6% operated from a single location. The largest industries in the area were services (43.6%), followed by retail (14.2%) and finance, insurance and real estate (8.3%), while 17.1% of businesses in the assessment area were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State was 8.3% in 2011 and 8.6% for the nine months ending 9/30/2012, as shown in the chart below. The average statewide unemployment rate during the prior examination period was 8.6% in 2010, 8.4% in 2009 and 5.3% in 2008.

Unemployment rates in Bronx and Kings Counties were higher at 12.9% and 10.1% than the statewide rate of 8.6% in 2012.

Assessment Area Unemployment Rate						
	NY State	Bronx	Kings	New York	Queens	Richmond
2011	8.3%	12.3%	9.7%	7.5%	8.1%	8.2%
2012 (9-month average)	8.6%	12.9%	10.1%	7.9%	8.4%	8.6%

Community Information

Examiners contacted a consortium of non-profit housing organizations servicing LMI New Yorkers. The representative of the organization recognized DBTCA for several of its philanthropic programs, which the representative described as a particularly innovative and effective strategy. These philanthropic programs helps Community Development Corporations (“CDCs”) in their initial stages by enabling them leverage the capital needed in order to more quickly build new affordable housing and other community development facilities. The organization also recognized DBTCA as a leader in one of the largest donors collaborative in New York City which has significantly impacted the development, preservation, and maintenance of affordable housing and has funded many successful community organizing campaigns which benefit LMI communities. Furthermore, the organization recognized DBTCA’s long term commitment to affordable housing and community development.

PERFORMANCE TEST AND ASSESSMENT FACTORS

The Department of Financial Services evaluates the CRA performance of wholesale banks pursuant to the “community development test,” as provided for in Section 76.11 of the General Regulations of the Banking Board. Performance criteria include

- 1. The number and amount of community development loans, qualified investments or community development services;*
- 2. The use of innovative or complex qualified investments, community development loans or community development services and the extent to which investments are not routinely provided by private investors; and*
- 3. The banking institution’s responsiveness to credit and community development needs.*

In addition, the following factors are also considered in assessing DBTCA’s record of performance: the extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications; evidence of prohibited discriminatory or other illegal credit practices; the record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs; and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period included January 1, 2011 through September 30, 2012.

DBTCA received a rating of “1”, reflecting an “outstanding” record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department (now New York State Department of Financial Services) as of December 31, 2010.

Current CRA Rating: “Outstanding”

Community Development Activities: “Outstanding”

DBTCA’s community development performance demonstrated an excellent responsiveness to the community development needs of its assessment area through community development loans, investments and services, considering DBTCA’s capacity and the need and availability of such opportunities for community development in its assessment area.

DBTCA extends credit, makes investments and performs services directly as well as through intermediaries. Some of DBTCA’s officers and employees serve in volunteer positions in a number of community development service organizations.

During the evaluation period, DBTCA originated \$156.6 million in new community development loans, and had \$58.4 million outstanding from prior evaluation periods. Also during the evaluation period, DBTCA made \$71.8 million in new community development investments and had \$92.4 million outstanding from prior evaluation periods. DBTCA made \$8.7 million in community development grants during the evaluation period.

Community Development Lending: "Outstanding"

During the evaluation period, DBTCA originated \$156.6 million in new community development loans, and had \$58.4 million outstanding from prior evaluation periods. This activity demonstrated an excellent level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	26	151,389	30	47,496
Economic Development	6	5,050	3	221
Community Services	1	75	5	225
Revitalization & Stabilization	1	75	3	10,487
Total	34	156,589	41	58,429

Following are some examples of community development lending by DBTCA:

- DBTCA originated a \$15 million line of credit to a community development intermediary based in New York City. The intermediary's goal is to preserve the affordable housing stock and strengthen low-income neighborhoods by expanding the flow of capital to the community development sector.
- DBTCA continued its support for one of the nation's premier intermediaries with the issuance of a \$25 million one-year unsecured line of credit in 2012. The intermediary provides grants, financing and technical assistance to community development corporations that are active in distressed areas, and focuses on housing, economic development, community-building and general neighborhood revitalization. The organization is a significant partner in achieving New York City's Department of Housing, Preservation and Development's ("HPD's") housing goals.
- DBTCA committed to a \$7.4 million participation in a \$35 million standby letter of credit during the evaluation. The standby letter of credit is issued to provide credit support to the bonds issued by New York City's Housing Development Corporation ("HDC") which raised funds for the construction of a new affordable apartment complex in the Mott Haven area of the South Bronx for LMI tenants.
- DBTCA issued a \$2.5 million revolving credit facility to support an organization that is a national leader in financing New York City non-profit organizations. Funds provided by this organization help other not-for-profit organizations to manage growth, build and renovate facilities, and balance government contract payments and cash flow. The organization also helps strengthen the financial health and improve the capacity of not-for-profits to better serve their communities.

Community Development Investments: “Outstanding”

DBTCA made \$164.7 million in new community development investments during the evaluation period, and had \$72.9 million outstanding from prior evaluation periods. In addition, DBTCA also made 8.7 million in grants. This activity demonstrated an excellent level of community development investments over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing	16	\$ 157,592	17	64,757
Economic Development	4	\$ 7,123	7	7,914
Community Services			1	179
Total	20	\$ 164,715	25	\$72,850
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	68	\$ 3,205		
Economic Development	40	\$ 2,577		
Community Services	100	\$ 2,954		
Total	208	\$ 8,736		

- In June 2012, DBTCA made a \$10.7 million investment commitment in a LIHTC housing project in the West Farms section of Bronx. This new development project consists of three eight to ten story buildings with 141 rental apartments, all of which are affordable to low-income households.
- DBTCA made two grants of \$50,000 each in 2011 and 2012 to a community-based organization whose mission is to provide a safe, affordable housing with supportive services. The grants will help to re-develop a distressed 145 unit senior housing project in Bronx that serves low-income individuals.

Community Development Services: “Outstanding”

DBTCA demonstrated an excellent level of community development services over the course of the evaluation period. DBTCA’s staff is experienced and has expertise in working with non-profit organizations that serve LMI neighborhoods in New York City.

Below are highlights of DBTCA’s community development services:

- A Managing Director serves on the advisory committee of an investment fund dedicated to creating pathways of opportunity for low-income people and communities. The fund is a steward for capital invested in community building initiatives and provides a bridge between private capital markets and low-income neighborhoods.

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- An assistant Vice President serves as a board member in a microfinance organization that focuses on education for LMI people starting new businesses.

Innovative or Complex Practices

DBTCA demonstrated an excellent level of innovative or flexible community development practices.

- To support housing development at the local community level, DBTCA launched the Deutsche Bank Working Capital award program. The objective of the program is to assist CDCs in their efforts to preserve and rebuild neighborhoods struggling with neglect, disinvestment, and/or the challenges of a stagnant or deteriorating real estate market. The award combines \$150,000 in grant resources and a \$75,000 soft loan at 0% interest. The loans provide crucial, early stage predevelopment support.
- DBTCA offers Programs Related Investments (“PRIs”), which are concessionary investments at low rates, to high capacity microlenders working with people interested in starting new small businesses.
- In recognition of DBTCA’s employees who volunteer their time to nonprofit organizations that are serving LMI neighborhoods, DBTCA offers three types of core grant programs known as Initiative Plus, Volunteer Assistance Fund and Volunteer Team Awards. Employees who volunteered their time are eligible to apply for grants ranging from \$500 to \$5,000 to help implement their programs or recommendations. The grants are awarded directly to the benefiting nonprofit organizations.

Responsiveness to Credit and Community Development Needs

DBTCA demonstrated an excellent level of responsiveness to credit and community development needs.

For example, in response to the continuing economic recession, DBTCA helped economic development by providing credit directly or indirectly to organizations serving LMI neighborhoods in New York City. In addition, given New York City’s ongoing need for affordable housing, DB made considerable amounts of investments in many organizations committed to development of affordable housing projects. Finally, DBTCA provided much needed grant assistance to a large number of community organizations serving the credit needs of LMI people and neighborhoods in the assessment area.

Additional Factors

The extent of participation by the banking institution’s board of directors/trustees in formulating the banking institution’s policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

- The Board of Directors of DBTCA has established a Committee on Public Responsibility and Concern which is charged with overseeing DBTCA’s commitment to CRA compliance. This committee, consisting of outside directors who have long histories of

involvement in community affairs, meets twice a year and ensures that CRA is an important element in DBTCA's priorities within the United States.

- DBTCA's Community Reinvestment Committee provides regular guidance and oversight to its CRA program. This committee also meets twice a year and is chaired by the chairman of DBTCA. The chairman also serves on several boards of New York City nonprofit organizations that serve LMI communities including the YMCA of Greater New York, and Harlem Village Academies.
- Deutsche Bank Group's most senior management known as Group Executive Committee ("GEC") is committed to maintaining an outstanding CRA performance in the United States. In that regard, the CDFG and DBAF are expected to carry out GEC's commitment by ensuring that DBTCA is knowledgeable and supportive of community development efforts in New York City.
- CDFG and DBAF monitor and assess DBTCA's community development activities on an ongoing basis. CDFG monitors the CRA activities of other banks to ensure that DBTCA maintains its community development leadership among New York City banks. CDFG and DBAF conduct an annual strategic review of community development activities as a self-assessment tool. This review identifies opportunities, challenges, community development goals and objectives which are reviewed by management.

Discrimination and other illegal practices

- *Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.*

DFS did not note any practices that were intended to discourage applications for the types of credit offered by the institution.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS did not note any evidence of prohibited discriminatory or other illegal practices.

The banking institution's record of opening and closing offices and providing services at offices

DBTCA has not opened or closed any branches since the prior evaluation. As a wholesale bank, DBTCA does not offer retail services at its offices.

Process Factors

- *Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

DBTCA's strategy to ascertain local credit needs is to maintain an "on the ground" presence by making site visits to community organizations, conducting its grant making through Request for Proposals ("RFP") processes which ensure that a wide variety of organizations can access DBTCA's grant programs, and conducting information sessions.

In addition, DBTCA's staff participates in conferences, hold positions on boards of directors of community development organizations and community advisory boards and perform volunteer services to help understand the needs of communities in New York City.

Nearly all CDFG/DBAF staff members have extensive professional experience with the not-for-profit sector.

- *The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution*

DBTCA conducts outreach efforts by creating new materials for publication and distribution. DBTCA maintains external and internal websites that provide information and publications. In addition, through partnerships with the Association of Neighborhood and Housing Developers and Corporation or Supportive Housing, LISC, Enterprise Community Partners and others, many of the resources of DBAF are allocated through a competitive RFP process, where application materials are circulated to organizations representing LMI communities. Furthermore, through serving on the boards of nonprofit organizations and speaking on panels and RFP information sessions, DBTCA make the members of the community aware of its various community development services.

"The Americas Annual Corporate Social Responsibility Report" communicates the community development efforts of DBAF and CDFG to community groups and external audiences in New York City and internationally. This publication also describes microfinance and other international social investment activities conducted internationally from the New York offices.

In addition, the Community Focus newsletter is used as a way to inform bank staff, community leaders and other stakeholders about DBTCA's community development initiatives and projects.

Other factors that in the judgment of the Superintendent bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community

DFS noted no other factors in this evaluation.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

Community Development

“Community development”:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3) above.

Community development loan

A loan that has its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community development service

Service that has community development as its *primary purpose*, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Geography

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Income Level

The income level for borrowers is based on household or family income. A geography's income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In cases where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

LMI Individuals/Persons

Individuals or persons whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that represents the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans in LMI geographies or to LMI borrowers.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;

- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.